Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Revision to Amend Part 32,	)	CC Docket No. 95-60
Uniform System of Accounts for	)	
Class A and Class B Telephone	)	
Companies to Raise the Expense Limit	)	
for Certain Items of Equipment from	)	
$500 to $750	)	

REPORT AND ORDER

Adopted: May 28, 1997 **Released:** May 30, 1997

By the Commission:

I. INTRODUCTION

1. On May 31, 1995, the Commission released a Notice of Proposed Rulemaking[1] ("*Notice*"), proposing to amend Section 32.2000(a)(4) of our rules.[2] This section specifies an expense limit for most of the general support asset accounts.[3] An asset with original cost exceeding the expense limit must be capitalized by carriers subject to our Part 32

[1] Revision to Amend Part 32, Uniform System of Accounts for Class A and Class B Telephone Companies to Raise the Expense Limit for Certain Items of Equipment from $500 to $750, *Notice of Proposed Rulemaking*, CC Docket No. 95-60, 10 FCC Rcd 5979 (1995) ("*Notice*"). Eleven parties filed comments. Parties that filed comments were Ameritech Operating Companies ("Ameritech"), The Bell Atlantic Telephone Companies ("Bell Atlantic"), BellSouth Telecommunications, Inc., ("BellSouth"), Cincinnati Bell Telephone Company ("CBT"), GTE Services Corporation ("GTE"), NYNEX Telephone Companies ("NYNEX"), New York State Department of Public Service ("NYSDPS"), Pacific Bell and Nevada Bell ("Pacific/Nevada"), Southwestern Bell Telephone Company ("SWBT"), United States Telephone Association ("USTA"), and US West Communications, Inc. ("US West"). Four parties filed reply comments. Reply comments were filed by Ameritech, BellSouth, MCI Telecommunications ("MCI"), and SWBT.

[2] 47 C.F.R. § 32.2000(a)(4).

[3] The general purpose support asset accounts are: Accounts 2110, Land; 2112, Motor vehicles; 2113, Aircraft; 2114, Special purpose vehicles; 2115, Garage work equipment; 2116, Other work equipment; 2121, Buildings; 2122, Furniture; 2123, Office equipment; and 2124, General purpose computers. Section 32.2000(a)(4) of our rules applies to all but the Land and Buildings accounts.

accounting rules. Any asset with an original cost less than or equal to the limit must be expensed in the current period.[4]

2. In this Order, we raise the expense limit in Section 32.2000(a)(4) from $500 to $2,000, with one exception related to personal computers recorded in Account 2124, General purpose computers. We also adopt a five-year amortization period during which incumbent local exchange carriers (ILECs) may recover the undepreciated portion of embedded assets affected by this rule change. Pursuant to the rules we adopt in this Order, carriers will expense, each year, approximately $120 million of previously capitalized assets. These changes will become effective six months after a summary of this Order is published in the Federal Register. We will allow carriers to implement these changes effective January 1, 1998.

3. In a related matter, on May 31, 1994, the United States Telephone Association ("USTA") filed a Petition for Rulemaking to Amend Part 32 of the Commission's Rules to eliminate property records for certain support assets.[5] For the reasons discussed below, we dismiss this petition.

II. BACKGROUND

A. Expense limit

4. For most of the general purpose support asset accounts,[6] our accounting rules require carriers to expense items that cost $500 or less and capitalize items that cost more than $500.[7] The purpose of the expense limit is to reduce the cost of maintaining property records for the acquisition, depreciation, and retirement of a multitude of low-cost, high-volume assets. Increases in the expense limit are made periodically to recognize the effects of inflation, technological changes, and changes in the telecommunications regulatory environment. Previously, the expense limit in Part 32 has been increased three times. The

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[4] In this context, the term "capitalize" means treating an expenditure as an asset by depreciating its value over an extended length of time. Conversely, "expense" refers to the treatment of an expenditure as an expense occurred and recorded solely at the time of purchase.

[5] United States Telephone Association Files a Petition For Rulemaking to Amend Part 32 of the Commission's Rules to Eliminate Detailed Property Records for Certain Support Assets, *Public Notice*, 10 FCC Rcd 5054 (1995) ("*Public Notice*").

[6] *See supra* n. 3.

[7] 47 C.F.R. § 32.2000(a)(4).

limit was raised from $25 to $50 in 1974,[8] from $50 to $200 in 1981,[9] and from $200 to $500 in 1988.[10]

5. On March 1, 1994, USTA filed a Petition for Rulemaking to raise the expense limit in Section 32.2000(a)(4) from $500 to $2,000.[11] USTA also requested that the carriers be permitted to amortize the net book cost of embedded assets that were purchased at prices ranging from $500 to $2,000 over each company's remaining asset life for accounts covered by the expense limit, which it indicated would result in amortization periods of three to five years.[12] On March 23, 1994, the Commission issued a Public Notice inviting comments on USTA's petition.[13] After reviewing the comments, the Commission issued the *Notice* in which it proposed to raise the expense limit.[14]

B. Property Record Proposal

6. On May 31, 1994, USTA filed a Petition for Rulemaking to Amend Part 32 of the Commission's Rules to eliminate detailed property records for Accounts 2115, Garage work equipment; 2116, Other work equipment; 2122, Furniture; 2123.1, Office support equipment; 2123.2, Company communications equipment; and the personal computers and peripheral devices recorded in 2124, General purpose computers.[15] In place of detailed property records, USTA requested that the Commission permit carriers to adopt a vintage amortization level ("VAL") process.[16] Under this process, a carrier would not track an asset

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8 Amendment of Part 31 (Uniform System of Accounts for Class A and Class B Telephone Companies) to Increase the Monetary Limit Where Capitalization is Appropriate from $25 to $50, *Report and Order*, Docket No. 20110, 49 FCC 2d 1153 (1974).

9 Amendment of the Uniform System of Accounts to increase the dollar limit for expensing minor items, *Report and Order*, CC Docket No. 81-273, 87 FCC 2d 1137 (1981).

10 Revision to amend Part 31, Uniform System of Accounts for Class A and Class B Telephone Companies as it relates to the treatment of certain individual items of furniture and equipment costing $500 or less, *Report and Order*, CC Docket No. 87-135, 3 FCC Rcd 4464 (1988).

11 *See Notice*, 10 FCC Rcd at 5979 para 1.

12 *Id.* at 5979 paras. 1, 5.

13 *Id.* at 5979 n. 2.

14 *Id.* at 5980 para. 9.

15 (USTA VAL Petition). *See Public Notice*, 10 FCC Rcd at 5054.

16 *Id.*

over its life through a continuing property record system. Instead, it would assign each asset a life and retire the asset from its books of account at the end of the assigned life, regardless of whether it was still used in providing telecommunications service. USTA stated that by adopting a VAL process for these accounts, the Commission would eliminate substantial carrier administrative costs currently incurred in maintaining the continuing property records. A Public Notice inviting comments on this petition was released on May 10, 1995.[17] Seventeen parties filed comments[18] and six filed replies.[19]

III. COMMENTS AND DISCUSSION

A. Expense Limit

7. In the *Notice*, we proposed raising the expense limit from $500 to $750.[20] This proposed increase was based primarily on inflation occurring subsequent to the previous increase and expected future inflation.[21] With the exception of MCI, all commenting parties favor a greater increase than that proposed in the *Notice*. The carriers subject to Part 32 that commented on our proposal unanimously favor an increase to $2,000.[22] These carriers state that an increase to $750 as proposed in the *Notice* would not produce the savings in

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[17] *Public Notice*, 10 FCC Rcd 5054.

[18] Comments were filed by Ameritech, Bell Atlantic, BellSouth, CBT, GTE, MCI, National Association of Regulatory Utility Commissioners ("NARUC"), NYSDPS, NYNEX, Pacific/Nevada, Pennsylvania Public Utility Commission ("PaPUC"), the Public Service Commission of Wisconsin ("PSCW"), Public Utility Commissioners of Ohio ("PUCO"), Rochester Telephone, SWBT, USTA, and US West.

[19] Reply comments were filed by Ameritech, Bell Atlantic, BellSouth, GTE, SWBT, and US West.

[20] *Notice*, 10 FCC Rcd at 5980 para. 9.

[21] From 1987 through June, 1996, inflation has been approximately 132 percent as measured by the Gross Domestic Product Implicit Price Deflator. *See* Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, September, 1996, Table 7.1. The proposed expense limit of $750 was reached by a two-step process involving past and expected future inflation rates. First, we multiplied the current expense limit amount ($500) by 132%, for a total of $660. Next, we added this figure to the estimated future inflation over the next five years (estimated at approximately three percent *per annum*), yielding a final result of $750. *See Notice*, 10 FCC Rcd at 5980 para. 9.

[22] Ameritech Comments at 2-8; Bell Atlantic Comments at 2-4; BellSouth Comments at 2-8; CBT Comments at 2-3; GTE Comments at 2-6; NYNEX Comments at 2-4; Pacific/Nevada Comments at 3-4; SWBT Comments at 2-7; and US West Comments at 2-4.

administrative costs originally sought in the petition.[23] In particular, some commenters state that the increased costs and burdens arising from such a limited increase would more than offset any realized benefits from the change.[24] MCI supports the increase to $750 but objects to an increase above that amount.[25] MCI argues that increased competition is not an adequate basis for increasing the expense limit above $750.[26] NYSDPS argues that the limit should be higher than the $750 limit proposed by the Commission.[27] NYSDPS states that a $1,000 expense limit appears to be a reasonable expense limit today but that the limit should be re-examined periodically.[28]

8. Several commenters indicate that the increase proposed in the *Notice* is significantly smaller--by percentage--than previous increases adopted by the Commission.[29] They argue that the increase proposed in the *Notice* would be far less effective in reducing record keeping costs than a more substantial increase. Specifically, because it requires more items to be accounted for as assets, a lower limit produces fewer recordkeeping savings than a larger increase. The carriers note, moreover, that there is a significant cost involved in implementing a new expense limit, because they must revise accounting manuals and policy guides, and train employees.[30] They argue that such a small increase would necessitate more frequent changes in the future, causing carriers to incur additional implementation costs.[31] In addition, the savings produced by the proposed increase would barely offset the cost of implementing the change.[32] For the above reasons, Ameritech recommends retention of the

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[23] *See, e.g.*, Ameritech Comments at 2; BellSouth Comments at 4-5; GTE Comments at 3; NYNEX Comments at 2.

[24] *See, e.g.*, Pacific/Nevada Comments at 2.

[25] MCI Comments at 1-3.

[26] *Id.* at 2.

[27] NYSDPS Comments at 2-3.

[28] *Id.*

[29] *See, e.g.*, Pacific/Nevada Comments at 4, n. 4; SWBT Comments at 3. Specifically, the expense limit was increased by 100 percent in 1974; 300 percent in 1981; and 250 percent in 1988.

[30] *See, e.g.*, BellSouth Comments at 4.

[31] *See, e.g.*, Bell Atlantic Comments at 2; Pacific/Nevada Comments at 3; SWBT Comments at 5-6.

[32] Ameritech Comments at 6.

existing limit rather than increasing it to $750[33]; several other commenters recommend that carriers be given the option of continuing to use the $500 limit if the $750 limit is adopted.[34]

9. At paragraph 10 of the *Notice*, we asked for comment on USTA's proposal to increase the expense limit to $2000.[35] In response, the carriers present several arguments in support of USTA's petition. First, several commenters contend that the increased savings from reduced recordkeeping under the higher limit would improve their ability to compete effectively in an increasingly competitive environment.[36] Second, several commenters argue that the $2,000 limit is more comparable to the expense limits of other regulated and nonregulated businesses, and would allow carriers to react more quickly to technological changes in the future.[37] Third, several commenters maintain that the $2,000 limit is supported by the new regulatory environment that eventually will open all aspects of the telecommunications network to competition.[38] Fourth, several commenters argue that the $2,000 limit would affect only a few accounts, constituting a small part of their total investment.[39] Moreover, USTA states that an increase to $2,000 would eliminate the need to raise the limit yet again in the near future.[40] The reasons offered by the commenters for adopting the $2,000 limit, as proposed by USTA, outweigh the reasoning offered as the basis of our tentative conclusion in the *Notice* that the limit should be raised only to $750. Accordingly, although we had originally proposed a $750 limit, we shall increase the expense limit to $2,000 for all general purpose support asset accounts listed in Section 32.2000(a)(4) with the following limited exception for Account 2124.

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[33] *Id.*

[34] *See, e.g.*, Pacific/Nevada Comments at 4; GTE Comments at 3.

[35] *Notice*, 10 FCC Rcd at 5980 para. 10.

[36] *See, e.g.*, Ameritech Comments at 4; GTE Comments at 4; NYNEX Comments at 2; Pacific/Nevada Comments at 3; SWBT Comments at 4.

[37] *See, e.g.*, Bell Atlantic Comments at 2-3; BellSouth Comments at 3-4; GTE Comments at 3-4. These commenters note that "nine years ago, surveys of business practices showed that roughly 50% of companies had expense limits of $1000 or more . . . [now] the percentage has grown to more than 65%." Bell Atlantic Comments at 2-3. More specifically, GTE contends that the Cost Accounting Standards Board for government contractors "raised the expense limitation to $1000 in 1980 and to $1500 in 1989," and that the Canadian Radio-television and Telecommunications Commission increased its capitalization minimum to $1500 in 1978. GTE Comments at 3-4.

[38] *See, e.g.*, Ameritech Comments at 5; GTE Comments at 5.

[39] *See, e.g.*, BellSouth Comments at 6; USTA Comments at 2; NYSDPS Comments at 2.

[40] USTA Comments at 2.

10. We exclude from the $2,000 expense limit all personal computer ("PC") components falling within Account 2124, General purpose computers. PC use by telephone companies has increased substantially over the past decade. As a result, PC components comprise one of the carriers' largest office investments.[41] We expect purchases of PC components to assume increased significance as incumbent local exchange carriers expand their operations to offer additional nonregulated, competitive telecommunications services. To protect regulated ratepayers from bearing the costs of PC components used in nonregulated activities we leave the expense limit for PC components falling within Account 2124, General purpose computers, at the present $500 level.[42] A $500 expense limit will require carriers to keep continuing property records ("CPRs") for a large majority of PC components. Accordingly, our ability to track transfers of PC components will be enhanced through the use of our affiliate transactions rules, thereby helping prevent abuses of these types of transfers. The continued necessity of this lower expense limit for PC components will be examined when the next increase of the expense limit is proposed.

11. *The USTA VAL Petition.* By raising the expense limit from $500 to $2,000 for Accounts 2115, 2116, 2122, 2123 and 2124 (except for PC components), the Commission will greatly reduce the number of items carriers will need to capitalize. This, in turn, will reduce the CPR records required to be maintained by carriers.[43] By eliminating the requirement for detailed property records for certain items costing less than the new $2,000 threshold amount, the Commission has provided carriers with substantial relief from the administrative costs previously imposed. Accordingly, the USTA VAL Petition is dismissed.

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[41] *See, e.g.*, Letter from James S. Bolte, Director, Capital Recovery, Cincinnati Bell Telephone to Fatina Franklin, Chief, Competitive Safeguards Branch, Federal Communications Commission (General Purpose Computers Account) (February 14, 1997); Letter from Douglas J. Van Cook, Director, Capital Recovery/Valuation, NYNEX to Fatina Franklin, Chief, Depreciation Rates Branch, Federal Communications Commission (General Purpose Computers Account) (February 27, 1996).

[42] Under generally accepted accounting principles ("GAAP"), the cost of property and equipment includes all expenditures necessary to acquire the assets and place them in service for their intended use. JAN R. WILLIAMS, KEITH G. STANGA & WILLIAM W. HOLDER, INTERMEDIATE ACCOUNTING 496-97 (2d ed. 1987). Accordingly, all of the components of a PC, including initial operating software, should be considered as a single unit to determine whether the cost of a PC exceeds the expense limit. If the total cost of a PC's components exceeds the expense limit, all of its components should be capitalized.

[43] 47 C.F.R. § 32.2000(e)(1).

B. Amortization

12. A change in the expense limit can result in disparate treatment of similar assets, *i.e.*, similar or identical assets might be capitalized or expensed depending solely on their purchase dates. To avoid this problem in the past, we have allowed companies to move the undepreciated amounts of assets purchased before the effective date of our rule modification that if purchased after that date could have been expensed, to a subsidiary accounting record and to amortize the amounts over a prescribed period.[44] In this Order, we do the same, permitting carriers to amortize embedded assets now capitalized pursuant to the $500 limit that would have been expensed under the new $2000 limit.

13. In the *Notice*, we requested comment on USTA's proposal to permit carriers to amortize the net investment of embedded plant assets in accounts covered by the proposed rule changes over each company's remaining asset lives.[45] NYNEX, GTE, and SWBT argue that using an amortization period equal to the prescribed depreciable lives of the embedded investment would be revenue neutral and would not increase the revenue requirement associated with the embedded investment.[46] NYNEX argues that because there would be no impact on the ratepayers, the carriers should be permitted to use amortization periods based on depreciable lives as determined by the individual carriers.[47] Ameritech asserts that the carriers should be allowed to amortize the previously capitalized, undepreciated investment in the asset over either its depreciable life, or five years, whichever is shorter.[48] CBT favors an amortization period of five years, which it argues would largely be offset by the depreciation charges that would have otherwise been incurred.[49]

14. NYSDPS recommends that the amortization period for embedded net investment in assets be the same for all accounts, thereby simplifying implementation of the rule change and having only minimal revenue requirement impact.[50]

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[44] *See, i.e.*, Amendment of the Uniform System of Accounts to increase the dollar limit for expensing minor items, *Report and Order*, 87 FCC at 1141 para. 14.

[45] *Notice*, 10 FCC Rcd at 5979 para. 3.

[46] NYNEX Comments at 3; GTE Comments at 5-6; SWBT Comments at 7-8.

[47] NYNEX Comments at 3.

[48] Ameritech Comments at 3.

[49] CBT Comments at 3.

[50] NYSDPS Comments at 2-3.

15. In 1989, when the Commission last changed its prescribed expense limit, carriers were required to amortize the net investment amount of the embedded asset balances affected by that change over eight years.[51] The eight-year period was chosen because our analysis showed that this was "sufficiently long to minimize the impact on rates in any jurisdiction."[52] Moreover, we concluded that a single amortization period would be more efficient, maintain consistency among carriers in accounting for similar items, and facilitate our monitoring of carrier implementation of amortization.[53] We still believe that a single amortization period, based on the average remaining life of the assets affected by the increased expense limit adopted in this Order, is appropriate for these same reasons.

16. According to our recent analysis, the average remaining life of the assets affected by the increased expense limit in this Order is approximately 5.5 years. Therefore, we require that carriers segregate the embedded balances and associated accumulated depreciation for the equipment described above and amortize the net investment amount over five years. This shall be accomplished by monthly credits to the asset account subsidiary records and monthly debits to the accumulated depreciation subsidiary records. These monthly amounts shall be determined by dividing the subsidiary record balances by the number of months remaining for which amortization must be provided. The difference between the debit and credit amounts so determined will be charged to Account 6565, Amortization expense-other. At the end of the five-year amortization period, when the balances in the subsidiary record accounts have been fully amortized, use of the subsidiary records for these assets shall be discontinued.

17. We asserted in the *Notice* that the proposed increase in the expense limit appeared not to be eligible for exogenous treatment under price caps.[54] USTA agrees with that assertion.[55] The higher expense limit will increase the expenses reported by telecommunications carriers for several years; it will, however, have no effect on the cash flows of carriers who are subject to price caps and will not increase total cumulative expenses. In fact, with the reduced recordkeeping costs that will result from the higher expense limit, the overall cumulative effect over time will be a decrease in costs. As a result, the temporary

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[51] *See* Revision to amend Part 31, Uniform System of Accounts for Class A and Class B Telephone Companies as it relates to the treatment of certain individual items of furniture and equipment costing $500 or less, *Order on Reconsideration*, CC Docket No. 87-135, 4 FCC Rcd 8229, 8230 para. 11 (1989).

[52] *Id.*

[53] *See id.* at 8230 para. 10.

[54] *Notice*, 10 FCC Rcd at 5980 para. 11.

[55] USTA Comments at 2.

increase in expenses--which will be offset by lower expenses in the future--does not constitute an economic cost and, therefore, will be ineligible for exogenous treatment for carriers subject to price caps.[56]

IV. PROCEDURAL ISSUES

A. Regulatory Flexibility Act Analysis

18. In the *NPRM*, the Commission certified that the rules it proposed to adopt in this proceeding would not have a significant economic impact on a substantial number of small entities because the proposed rules did not pertain to small entities.[57] No comments were received specifically concerning the proposed certification. For the reasons stated below, we certify that the rules adopted herein will not have a significant economic impact on a substantial number of small entities.[58] This certification conforms to the Regulatory Flexibility Act ("RFA"), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 ("SBREFA").[59]

19. The *NPRM* certified that no regulatory flexibility analysis was required because the entities affected by the proposed rules were either large corporations, affiliates of such corporations, or were dominant in their field of operations and therefore not small entities.[60] The RFA, 5 U.S.C. § 601(3), incorporates the definition of small business concern set forth in 15 U.S.C. § 632.[61] The rules we adopt in this *Report and Order*, however, apply to all ILECs subject to our accounting rules, some of which may be small entities. Moreover, since the *NPRM*, we have stated that although we still consider small incumbent LECs to be

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[56] *See* Price Cap Performance Review for Local Exchange Carriers, *First Report and Order*, CC Docket No. 94-1, 10 FCC Rcd 8961, 9089 (1995), *aff'd sub nom. Bell Atlantic Telephone Companies v. FCC*, 79 F.3d 1195 (D.C. Cir. 1996).

[57] *NPRM*, 8 FCC Rcd at 6660.

[58] 5 U.S.C. § 605(b).

[59] 5 U.S.C. §§ 601-611. SBREFA was enacted as Subtitle II of the Contract With America Advancement Act of 1996 ("CWAAA"), Pub. L. No. 104-121, 110 Stat. 847 (1996).

[60] *NPRM* at 5981 para. 14.

[61] Small business concerns are independently owned and operated, not dominant in their field of operations, and meet any additional criteria established by the Small Business Administration.

dominant in their field of operations, we now include such companies in our regulatory flexibility analyses.[62]

20. We certify, but on a different basis than in the *Notice*, that no regulatory flexibility analysis is necessary here. Even if a substantial number of small entities were affected by the rules, there would not be a significant economic impact on those entities. These rules govern the accounting treatment of specific assets, in particular, whether their costs are expensed or capitalized. Capitalization is more administratively burdensome because it requires additional recordkeeping over a period of years. Because we are raising the limit under which items are expensed, the effect of this Order is to reduce regulatory burdens for all companies that use our Part 32 accounts.

21. We therefore certify pursuant to section 605(b) of the RFA that the rules adopted in this Order will not have a significant economic impact on a substantial number of small entities. The Commission will publish this certification in the Federal Register, and will provide a copy of the certification to the Chief Counsel for Advocacy of the SBA.[63] The Commission will also include the certification in the report to Congress pursuant to the SBREFA.[64]

B. Paperwork Reduction Act

22. The record keeping requirements in this item are contingent upon approval of the Office of Management and Budget.

V. ORDERING CLAUSES

23. Accordingly, IT IS ORDERED, pursuant to Sections 4(i), 4(j), 218, and 220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 218, and 220, Part 32, Uniform System of Accounts for Telecommunications Companies, of the Commission's Rules IS AMENDED as shown in Appendix A below, effective six months after publication in the Federal Register. Affected parties may elect to implement these changes on January 1, 1998.

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[62] *See* Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, *Report & Order*, CC Docket No. 96-98, 11 FCC Rcd 15499, 16144-45 paras. 1328-30 (1996).

[63] 5 U.S.C. § 605(b).

[64] 5 U.S.C. § 801(a)(1)(A).

24. IT IS FURTHER ORDERED that, the collections of information contained within are contingent upon approval of the Office of Management and Budget.

FEDERAL COMMUNICATIONS COMMISSION

William F. Caton

William F. Caton
Acting Secretary

APPENDIX A

Part 32, Uniform System of Accounts for Telecommunications Companies, is as follows:

1. The authority citation for Part 32 reads as follows:

Authority: Sections 4(i), 4(j), and 220 as amended; 47 U.S.C. 154(i), 154(j) and 220 unless otherwise noted.

2. Section 32.2000 is amended by revising paragraph (a)(4) to read as follows:

§32.2000 Instructions for telecommunications plant accounts.

(a) * * * * *

(4) The cost of the individual items of equipment, classifiable to Accounts 2112, Motor vehicles; 2113, Aircraft; 2114, Special purpose vehicles; 2115, Garage work equipment; 2116, Other work equipment; 2122, Furniture; 2123, Office equipment; and 2124, General purpose computers, costing $2,000 or less or having a life less than one year shall be charged to the applicable Plant Specific Operations Expense accounts, except for personal computers falling within Account 2124. Personal computers classifiable to Account 2124, with a total cost for all components, including initial operating software, of $500 or less shall be charged to the applicable Plant Specific Operations Expense accounts. If the aggregate investment in the items is relatively large at the time of acquisition, such amounts shall be maintained in an applicable material and supplies account until items are used.

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